

Message Text

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21

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 DRC-01 /189 W
----- 031517

R 260650Z JUN 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0077

AMEMBASSY BELGRADE

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 2668

EO 11652: NA

TAGS: EFIN, PFOR, KU, YO

SUBJ: EAL: KUWAIT, YUGOSLAVIA SIGN \$100 MILLION CREDIT AGREE-
MENTS

1. TWO AGREEMENTS WERE SIGNED JUNE 24 BETWEEN KUWAIT FOREIGN
TRADING CONTRACTING AND INVESTMENT COMPANY AND THE NATIONAL BANK
OF YUGOSLAVIA UNDER WHICH KFTCIC TOTALLY UNDERWRITES A KD 15
MILLION (KD 1 EQUALS \$3.40) NBY BOND ISSUE AND A \$50 MILLION
LOAN.

2. THE KD 15 MILLION BONDS CARRY EIGHT PERCENT PER YEAR COUPON,
WITH FINAL MATURITY AFTER TEN YEARS. REPAYMENT IS TO BEGIN AFTER
THE SIXTH YEAR. THE \$50 MILLION LOAN IS EVIDENCED BY NOTES OF
TEN YEAR MATURITY CARRYING A FLOATING INTEREST RATE. THE INTEREST
RATE IS TO BE EVALUATED EVERY THREE MONTHS AND ASSESSED DEPENDING
ON PREVAILING WORLD INTEREST RATES. FIRST REPAYMENT SCHEDULED
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AFTER THE FOURTH YEAR.

3. AGREEMENTS SIGNED DURING VISIT TO KUWAIT OF ECONOMIC DELEGATION HEADED BY JANKO SMOLE, VARIOUSLY DESCRIBED AS BEING YUGOSLAV MINISTER OF FINANCE AND/OR MINISTER WITHOUT PORTFOLIO AND/OR MEMBER OF FEDERAL EXECUTIVE COUNCIL. DELEGATION INCLUDES 28 PERSONS AND WAS SCHEDULED FLY TO ABU DHABI JUNE 25.

4. IT WIDELY BELIEVED IN KUWAIT THAT KFTCIC WILL ABSORB ENTIRE BOND ISSUE AND LOAN AND WILL NOT RPT NOT TRY TO MARKET THEM. IT FURTHER BELIEVED THAT KFTCIC, WHICH 80 PERCENT OWNED BY GOK AND ONLY CAPITALIZED AT APPROX KD 20 MILLION, MERELY PLAYED ROLE OF CAPITAL CHANNEL FOR GOK SO AS TO AVOID POSSIBLE EMBARRASSING QUESTIONS IN NATIONAL ASSEMBLY, AS MIGHT BE THE CASE IN GOVERNMENT-TO-GOVERNMENT ARRANGEMENT. (FYI: THIS LATTER STATEMENT, ALONG WITH AMPLIFICATION THAT GOK INTENDED USE THIS CHANNEL MORE ACTIVELY IN FUTURE FOR POLITICAL REASONS, WAS TOLD TO EMBOFF BY WELL-PLACED KUWAITI IN PRESENCE OF GOVERNOR KUWAIT CENTRAL BANK WHO, WHILE NOT REINFORCING STATEMENT, MADE NO RPT NO ATTEMPT TO DISSENT).
MCCLELLAND

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Message Attributes

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Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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To: STATE BELGRADE
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